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STATE FOR AF/W AND AF/EPS

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SUBJECT: NIGERIA: GON SAYS NEPAD PEER REVIEW MECHANISM ON THE WAY

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1. Summary. A GON official says Heads of State at a March meeting of the New Partnership for Africa's Development (NEPAD) had concluded negotiations on a Memorandum of Understanding of the African Peer Review Mechanism. The official said the review would be conducted by independent experts and focus on ways to promote economic growth and sustainable development. He also expressed concern that international donors not require aid recipients to participate in the mechanism. End Summary.

2. Ambassador Isaac Aluko-Olukun, a GON official seconded to the Secretariat of NEPAD, told G-8 diplomats in a March 13 briefing that NEPAD Heads of State had concluded negotiations on a Memorandum of Understanding of the African Peer Review Mechanism. He said ten countries had signed on: Algeria, Republic of Congo, Ethiopia, Ghana, Kenya, Mozambique, Nigeria, Rwanda, South Africa, and Uganda.

3. At the briefing, Aluko-Olukun clarified that NEPAD, and therefore the peer review mechanism, fell under the African Union umbrella. A draft Memorandum of Understanding distributed at the briefing said the peer review mechanism's primary purpose was to "... foster the adoption of policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration" The draft memorandum would go into effect when five African Union member-states have assented.

4. Aluko-Olukun said a special secretariat would be established to conduct actual peer reviews. The secretariat would include "expatriate professionals" and other technical experts. Three reviews would be conducted yearly, meaning that some countries would not be reviewed for many years. He said that Nigeria may be one of the first countries reviewed, but not until after elections. One remaining task, he noted, was to find a leader for the secretariat who would inspire confidence in the process and lend it credibility.

5. Aluko-Olukun said there was some opposition to the original draft memorandum because, which some leaders saw as "too binding." He said some members were concerned the memorandum was a legally binding treaty and, as such, would require legislative or other approval. He said the final version, which he promised to make available, had met the concerns of those members who "didn't want to give up sovereignty." He added that resolution of the concerns regarding sovereignty would not weaken the review mechanism because the entire process was voluntary anyway. Aluko-Olukun continued that the leaders worried that joining the peer review mechanism would become a condition for future international development assistance. He said there was consensus that the mechanism was an African initiative and should remain independent of international donor funding decisions.

6. Aluko-Olukun spoke about cooperation between the G-8 and NEPAD, noting that initial G-8 support for NEPAD had "set a good tone." He said that a joint G-8 and NEPAD action plan could strengthen cooperation in promoting economic, social, and political reform in Africa. On conflict resolution, he claimed NEPAD was looking beyond just cooperation on peacekeeping with G-8 nations and was looking for ways to prevent conflict in cooperation with G-8 countries.

7. Aluko-Olukun also commented on Poverty Reduction Strategy Programs (PRSP) being adopted by some African nations. He asserted that many African leaders were disappointed because they had agreed to such a program but had not seen any supportive international development funding as a result. Aluko-Olukun said NEPAD leaders were also concerned that often PRSPs did not sufficiently emphasize on trade and

investment policy and that significant G-8 foreign direct investment rarely resulted from them.

18. On the role of regional sub-groups within NEPAD and the African Union, Aluko-Olukun said that there was a need for rationalization: he noted that there were now sixteen sub-regional organizations, with many countries belonging to several. Aluko-Olukun said there was no easy way to get there, but suggested that five regional sub-groups made sense, to serve as building blocks for the African Union.

19. Comment: Agreement on a Memorandum of Understanding of the African Peer Review Mechanism is a notable achievement for NEPAD, but the true test for the system will come when the secretariat is established and the first review is conducted.

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We think it unlikely that Nigeria will volunteer to go first, and will instead seek postponement until well after elections, perhaps not until 2005 or later. A more likely candidate is Uganda, another co-founder of NEPAD. End Comment.
JETER